

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

STEVEN P. HAVER	)	
	)	
VS.	)	CASE NO. 9996
	)	
KENTUCKY-AMERICAN WATER COMPANY	)	
	)	
	)	DEFENDANT

O R D E R

On July 1, 1987, Mr. Steven P. Haver filed an informal complaint with the Commission which alleged that Kentucky-American Water Company ("Kentucky-American") failed to promptly restore water service to his residence after the payment of delinquent water bills and was improperly withholding his security deposit. He sought the refund of a \$15 reconnection fee<sup>1</sup> and his \$30 security deposit. The Commission Staff investigated his allegations and reported its findings to him by letter on July 13. Mr. Haver then filed a formal complaint on August 5, 1987.

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<sup>1</sup> Under 807 KAR 5:006, Section 12(c), a utility may make a reasonable charge "to reconnect service that has been disconnected for nonpayment of bills." Mr. Haver has admitted to failing to pay his bills on two occasions. Both times he paid a \$15 reconnection fee to Kentucky-American. Kentucky-American refunded the fee paid on January 14, 1986. In its answer Kentucky-American stated that the fee was refunded because "the time period between receipt of payment for the delinquent account and the turn on fee was longer than Kentucky-American Water Company desires although still reasonably prompt." Kentucky-American has offered to refund the other reconnection fee if this case is dismissed.

Kentucky-American was served with the complaint on August 17, 1987, and filed an answer with the Commission on August 31.

The Commission has reviewed the pleadings of both parties, Mr. Haver's correspondence to the Commission prior to the filing of his formal complaint, and the Commission Staff's investigation report on the informal complaint. This decision is based upon these documents.

Both parties are in general agreement as to the facts of this case. Kentucky-American has discontinued Mr. Haver's water service on two separate occasions for failing to make timely payment of his bill. It first discontinued his service on January 14, 1986. Approximately 11 hours after he paid his delinquent bill, his service was restored. Kentucky-American discontinued Mr. Haver's service again on April 9, 1987. That evening, after Kentucky-American offices had closed, Mr. Haver placed his delinquent payment in its night depository. Kentucky-American processed his payment and restored his service at 2:05 p.m. the following day. (The Commission Staff investigation found that Kentucky-American credited the payment to Mr. Haver's account at 11:04 a.m., issued an Order to restore his service at 12:30 p.m., and restored his service at 2:05 p.m.)

The Commission's regulations state: "Where the cause of refusal or discontinuance has been corrected and all rules and regulations of the utility and the Commission have been complied with, the utility shall promptly render service to the customer or applicant." 807 KAR 5:006, Section 11(6). The Commission's

regulations do not define "prompt". Instead, the particular facts of each case determine whether a utility has acted promptly. Such factors as the time of payment and the utility's available manpower and equipment are considered.

On both occasions Kentucky-American acted promptly to restore Mr. Haver's service. Service was restored within 11 hours of payment on January 14, 1986. Almost 20 hours elapsed between payment and restoration of service in the April 1987 incident. In that incident, however, payment was made after business hours when no employee was available to verify it or to issue a work order to restore service. Once Kentucky-American opened for business the following morning, the payment was quickly processed. Three hours after payment was credited to Mr. Haver's account, his service was restored.

Mr. Haver contends that Kentucky-American failed to act promptly by ignoring his telephone report of payment on April 9 and waiting to restore service until it confirmed his payment. The Commission disagrees. Kentucky-American has the right to confirm payment of a delinquent bill before restoring service. It should not have to bear the risk of additional losses from delinquent customers.

In both his formal and informal complaints, Mr. Haver alleges that Kentucky-American is improperly withholding his security deposit. Neither the facts nor the law support his allegation. The Commission's regulations permit a utility to require a minimum cash deposit or other guarantee to secure payment of service

bills. 807 KAR 5:006, Section 7. They, however, do not require a full refund of a security deposit unless the customer discontinues his service.<sup>2</sup> Kentucky-American's rules and regulations, which the Commission has approved, allow Kentucky-American to use its discretion in refunding customer's security deposits.

Kentucky-American's retention of Mr. Haver's security deposit is not an abuse of discretion. The purpose of a security deposit is to guarantee the payment of current bills and to reduce bad debt losses. Many utilities will refund a security deposit once a customer has established a good credit history and shown himself to be a good risk.

The Commission finds that upon the facts and law Mr. Haver has shown no right to relief. His complaint should therefore be dismissed. The Commission further finds that a hearing on this complaint is not necessary in the public interest or for the protection of substantial rights and, therefore, is not required by law. KRS 278.260(2).

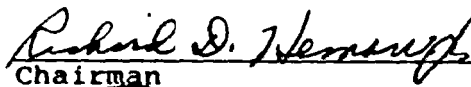
IT IS THEREFORE ORDERED that this case be dismissed.


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<sup>2</sup> 807 KAR 5:006, Section 7 requires the partial refund of a security deposit if the utility is holding a deposit in excess of a minimum allowable amount.

Done at Frankfort, Kentucky, this 15th day of September, 1987.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director